



## IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION

Richard L. Bruner  
CHAIR

Kathleen Kohorst  
Kelly Dolan Lange

Timothy L. Lapointe  
Mary Sellers

Mary Mosiman  
Robert von Wolfradt

RIC LUMBARD, EXECUTIVE DIRECTOR

GOVERNOR TERRY E. BRANSTAD    LIEUTENANT GOVERNOR KIM REYNOLDS

### Iowa Telecommunications & Technology Commission

Grimes State Office Building, 1st Floor

400 E. 14th Street, Des Moines, IA 50319

September 15, 2016

To ensure the most efficient use of State resources, the September 15, 2016 ITTC meeting was held via video conference pursuant to Iowa Code section 21.8. A video conference also ensured more Commissioners were able to participate in the meeting and reduced the risk of delays caused by weather or other impediments to travel. The meeting was accessible to members of the public through attendance via Phone Bridge.

#### I. Roll Call:

- **Commissioners Present:**

Richard Bruner, Chair (on-site)  
Timothy Lapointe, Member (on-site)  
Kathleen Kohorst, Member (on-site)  
Kelly Dolan Lange, Member (phone)  
Mary Mosiman, Ex-Officio (on-site)  
Robert von Wolfradt, Ex-Officio (phone)

- **Commissioners Absent:**

Mary Sellers, Member

- **Iowa Communications Network Staff Present:**

Ric Lumbard, Executive Director  
Phil Groner, Chief Operations Officer  
Mark Johnson, Chief Administration Officer  
Deb Evans, Chief Financial Officer  
Jessica Jensen, Executive Administrator (Recorder/Minutes)  
Randy Goddard, Business Services Bureau Manager  
Scott Pappan, Engineering Bureau Manager  
Mike Cruise, Finance Bureau Manager  
Dave Marley, Operations Bureau Manager  
Lori Larsen, Communications Lead

- **Guests:**

Jennifer Acton, Legislative Services Agency (LSA)

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Sean Corey, CenturyLink

### II. Call to Order

- Chair Bruner called the meeting to order at 10:33 a.m. It was noted that a quorum of members were present for the meeting.

### III. Approval of August 17, 2016 Meeting Minutes

- Chair Bruner requested a motion to approve the August 17, 2016 Meeting Minutes. Commissioner Lange moved to approve the minutes. Commissioner Kohorst seconded the motion. The motion passed unanimously.

Commissioner Kohorst – Yes  
Commissioner Lange - Yes  
Commissioner Lapointe – Yes  
Commissioner Bruner – Yes

### IV. Old Business:

- Video Rates– Randy Goddard**

At the August ITTC meeting, a recommendation was made for the MPEG video rates to remain the same and the rates for the IP video rates to be reduced by twenty-five percent.

*Comments:*

Lapointe: How did we get to the 25% reduction?

Goddard: Due to other rates in the industry and vendors for like IP products and to encourage our users to move to the IP video.

Bruner: What is the sunset date on that?

Lumbard: June 2018 is the sunset date, however are looking to speed that transition if possible and inspire them to convert to the IP video. We may look

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to accelerate that time to liberate the equipment and to make certain that the equipment will last until the sunset date.

Bruner: Have you looked at the customers that are still on MPEG?

Goddard: There are three community colleges that are our primary users.

Chair Bruner requested a motion to approve the FY18 video rate proposal. Commissioner Kohorst moved to approve the FY18 video rate changes. Commissioner Lapointe seconded the motion. The motion passed unanimously.

Commissioner Kohorst – Yes  
Commissioner Lange - Yes  
Commissioner Lapointe – Yes  
Commissioner Bruner – Yes

- **Signature Authorities – Mark Johnson**

The proposed Signature Authorities document provides adjustments to the 2015-2016 signing authorities that were approved by the commission last year. With the addition of Phil Groner to the ICN Executive team as the Chief Operations Officer, the signing authorities need to move to the Chief Administrations Officer, whom is the contracting officer with the Chief Operations Officer as the secondary signing authority.

Chair Bruner requested a motion to approve the change of the signature authorities. Commissioner Lapointe moved to approve the signature authorities. Commissioner Kohorst seconded the motion. The motion passed unanimously.

Commissioner Kohorst – Yes  
Commissioner Lange - Yes  
Commissioner Lapointe – Yes  
Commissioner Bruner – Yes

- **FirstNet Update – Ric Lumbard**

August 25, 2016 was the second Iowa FirstNet Public Private Partnership Summit of 2016. The Public Private Partnership Summit is a way to engage the private sector in the FirstNet discussions. The FirstNet Broadband Committee approved another year of Public Private Partnership Summits for 2017.

The selection of the winning vendor for the FirstNet RFP will be released in late 2016 and we feel it is a vital way to connect with the public regarding the RFP.

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The EAP (Environmental Assessment Physical) was completed by FirstNet. It was held in downtown Des Moines and there was moderate attendance. Across the board it was found that there was minimal risk, but it was a mandatory study for FirstNet.

We are currently waiting for an award to be made in response to the RFP, then the vendor will present state plans to all the states. That will then begin the process of opt-in or opt-out for each state and if opt in is the decision deployment can then begin.

### *Comments:*

Kohorst: What is the timeline for the RFP?

Lumbard: RFP was released late last year and the responses are all being reviewed. There is a significant amount of technical detail with the response of the RFP. The prime will have to take some time post award to look at each state and then drop each state plan at the same time. Once that happens it starts a 90 day clock. If the state plan is amicable to the needs of Iowa the Governor could potentially opt-in immediately.

Mosiman: Is it just the Governor or does legislature need to be involved?

Lumbard: It would just the Governor.

Lapointe: Has the Governor been a supporter of the ICN (FirstNet)?

Lumbard: We have had two executive engagements in regard to the FirstNet process. He has also connected with FirstNet directly.

Bruner: I attended the Public Private Partnership Summit and it was well done. the summit was created to bring the public in the discussion. I think this was a great step.

Lumbard: FirstNet is now asking states to engage public.

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## V. New Business

- **Finance Update – Mike Cruise**

Lumbard: There have been changes in ICN financial processes. The ICN has many moving parts and numerous products that cost and provide revenue, so we need to be able to provide metrics in all that we do. I call this margin management. So I wanted to start by managing how we operate by the margin. I want to be able to reduce expenses to increase margin. The ICN

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operates on our own revenue and we invest much of it back into the private sector. We identify direct expenses in to each product and channel. Margin is based on identifying expenses and the allocating direct expenses to each product or channel. There will be an allocation model that will be used year on year, so that all margin is based on identifiable expenses. The allocation will be presented annually to the commission for approval. Negative margin will help us know how to manage. This new financial model will allow us to see the overall optics of how we manage the margin.

### **Cruise:**

Today is the last day to do internal adjustments to FY16. The reports will be provided during next month's update.

What is different?

- Services (Main Cost Centers)
  - Voice
  - Video
  - Data (transport and internet)
  - Security Services
  - Outside Plant Services
  - Non-operating Revenues
- Allocated Expenses
  - Payroll
  - General Administrative
  - Operating Expenses
- Operating Margin: All expenses subtracted from Revenue

### **AUGUST:**

- Month: Operating Margin: +\$179,000.00 that is 6.7% of revenue.
- YTD: Operating Margin -\$40,550.00

### *Comments:*

Lumbard: You will still have all the data you use to see, but we felt that we needed to dig deeper into the margin.

Cruise: With this method we can drill down deeper in the cost centers to sub-cost centers. For example: Comparing Mpeg video to IP video or MVS to the legacy desk top.

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Bruner: I know a tremendous amount of work has gone in to this transition. Is this a final distributed cost?

Cruise: Yes, except the appropriations.

- **Action Item #49, #50 – Ric Lumbard**

Action Item #49 Core upgrade strategy; this is a 2 step process and this is the first step in the upgrade of the network. We are raising up an IP core that can go up to 200 gig. It will allow us to provide flexible core. Part A is as follows:

- Action item #49 **PART A: CORE UPGRADE TO 200GB TRANSPORT**

**The ICN LEADERSHIP TEAM has adopted and approved a comprehensive core upgrade Strategy for the Iowa Communications Network. This overarching process will be encased within two major delineations:**

### **ICN Core Upgrade Summary Recommendation August 23, 2016**

- **The ICN is required to upgrade the core network for the following reasons:**
  - 1) Current Layer 2 equipment is End of Life and will be End of Support in October 2018.
  - 2) Enable enhanced security services, meet capacity demands, and develop broadband potential.
  - 3) Employ new systems to utilize current fiber assets and develop a roadmap for new technologies.
  - 4) Lower internal cost structures for operational efficiencies.
- **Layer 1 Recommendation:**
  - Using existing contract, purchase and install Ciena's Wave server System enabling a 200 GB line rate between Wave server devices and pass 100 GB to Layer 2/3. See ICN Business Case - Engineering a Fast, Flexible, and Secure Foundation for Tomorrow (August 17, 2016, v.12) for detailed design and equipment selection.
- **Layer 2/3 Recommendation:**
  - Using existing contract, purchase and install Juniper's MX480/960 Layer 2/3 routers. See ICN Business Case - Engineering a Fast, Flexible, and Secure Foundation for Tomorrow (August 17, 2016, v.12) for detailed design and equipment selection.

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- **Installation Recommendation:**

- Phase 1: Install Ciena Wave server System independent and separate from the current Ethernet network. Phase to include requirement that the Brocade MLX and MLXe switches require the 4-port to 8-port card change out to resolve the bit flip issue. The 8-port cards require a different switch fabric module, optics, and related control cards. This configuration is required to remain until new Layers 1 through 3 are completed and ready to accept traffic for new services – see Phase 4 below.
- Phase 2: Install Juniper MX960 and MX480 routers. This network will have a combined Layer 2 and 3 and will be installed and connected to the Ciena Wave servers.
- Phase 3: Move IP traffic from the legacy Ethernet network to the new IP fabric.
- Phase 4: Install Layer 2 Juniper routers, replacing the existing Brocade MLX series from the network. Each location where a Brocade MLX and MLXe are located will be replaced with a Juniper MX480.
- Installation will be performed through a combination of equipment manufacturer purchased installation and support, existing Fiber Network Services contractor installation, contracted temporary Engineering support personnel, and existing ICN staff resources.

- **VENDOR ASSIGNMENTS:**

- **BROCADE** to insure the sustained operation of the existing 40GB IP core and much of the distributed aggregation areas of the existing ICN Network.
- **ADVA** to insure the sustained operation of the physical plant optical distribution system for both 40GB IP system and the new 200GB/100GB Flexible Core system.
- **CIENA** to insure the 200GB/100GB Wave server links to the combined layer 2/3 fabric.
- **JUNIPER** to insure the operation of the new combined layer 2/3 MPLS fabric.

The financial roll out will be as follows:

- FY17: \$5,156,827.00
- FY18: \$4,793,197.00
- FY19: \$417,405.00

*Comments:*

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Lumbard: We are keeping in stride with the industry. This will roll out in a phased process. We felt that we needed to let the commission know.

Bruner: Excellent explanation and I am excited for the technology that we are going to have.

Lapointe: It seems like combining layers could impact or reduce redundancy.

Lumbard: It changes the footprint we have and we feel it is better to have fewer vendors in the model. It is also an industry trend. This will produce is two layers, it will be either transport or cloud. We are talking about the transport portion of the network.

Lapointe: So it's completely different?

Lumbard: Yes. It is a completely different era. If we would have stayed in the circuit and path we would have become extinct.

Mosiman: You didn't have to RFP?

Lumbard: We already have contracts in place with the vendors to purchase equipment, so we are within contract coverage and acting under existing contract. The new core will help future proof the ICN and make the ICN broadband strong.

Bruner: Broadband strong for sure and thanks.

Lumbard: We are currently taking all HRE processes and looking to make certain that the ICN is up to date and compliant with the state HR processes. Jessica Jensen is currently leading this process.

### ➤ Action item #50 ICN / HRE PROCESS TASK FORCE REVIEW

#### **HRE PROCESS TASK FORCE REVIEW August 24, 2016**

Due to several process changes within the Iowa HRE staffing procedures, the Iowa Communications Network is clarifying and re-validating several of our HRE process interactions. This is a required process due to several changes and reviews that are occurring between agencies, HRE and IDOM.

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The ICN is establishing a **90 day Task Force** to review, clarify and establish the needed process changes to meet the requests of IDOM and HRE.

### **SCOPE**

This Task Force review will bring a heightened review processes, audit and awareness of the following areas:

1. **Reclassification** of Positions
  - Currently requested
  - Currently Staffed
  - Vacant
2. **Lead Worker** Designations
  - Workflow management
  - Span of Control
  - Lead Worker Pay
  - PDQ embedded Lead worker responsibilities
3. **Classification Audit**
  - Executive Officer (EO) Classification Audit
  - Telecom Technology Enterprise Expert (TTEE) Classification Audit
  - Telecom Admin (TA) Classification Audit
  - Program Management functions within the ICN must be established and modified accordingly.
4. **Succession Planning**
  - Executive Team
  - Leadership Team

### **OUTCOMES:**

- The Task force shall produce both **Action and Reporting** on the following four (4) areas identified:
  - **Reclassifications**
  - **Lead Worker Status**
  - **Classification HRE Audit**
  - **Succession Planning Report**
- **Recurring Reporting and Tracking** using the tracking tool will be provided to the Executive Director and on a weekly basis until conclusion.

### **DTR:**

1. The Human Resource management of the Iowa Communications Network is managed by the Executive Administrator as a sole point of contact for the Agency.
  - The EA will serve as the Executive Sponsor for the Task Force

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- The EA may name or request assistance from additional non-contract team members in addition to the HRE assigned personnel.
- 2. HRE Personnel Officer and Personnel Assistant in HRE.

Any and all staff may be requested to assist with information during this audit and will be expected to provide the needed interaction or information.

- **Upcoming Legislative Session– Mark Johnson**

There has been an email sent out to ICN leadership requesting suggestions for Legislative changes for the upcoming Legislative session. Any proposed legislation needs to be submitted to the Governor's office by the end of October. We will then give the commission time to approve the changes prior to being submitted to the LSA by Thanksgiving.

- **Audit Report-Deb Evans**

The exit conference was a few weeks ago. Inventory, segregation, revenues we were short a couple reports, independent review of rates, disbursements had a couple that were not approved, travel had three misclassifies, capital assets misclassified assets total capital didn't break out revenue. Comments regarding acting policies had no exceptions. Internal controls, password controls, statutory requirement and TSB procurement goals were not met. Finding report on internal controls had none.

*Comments:*

Lapointe: What do we do with the obsolete equipment?

Evans: We have found a company that will dispose of items for us. We also have to post items on GovDeals.com

Mosiman: The Auditor's office appreciates working with the ICN and likes working with the ICN.

- **Appropriation Request– Mark Johnson**

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ICN's Fiscal Year 2017-18 appropriation request is a status quo amount of \$1.15 million. This is the same amount as last year. The appropriation is the State's appropriation required investment to qualify for the FCC USF reimbursement for eligible services to schools and libraries.

Chair Bruner requested a motion to approve the appropriation request. Commissioner Kohorst moved to approve the signature authorities. Commissioner Lange seconded the motion. The motion passed unanimously.

Commissioner Kohorst – Yes  
Commissioner Lange - Yes  
Commissioner Lapointe – Yes  
Commissioner Bruner – Yes

- **Customer Survey – Lori Larsen and Randy Goddard**

ICN received 227 completed customer surveys during the timeframe of April 14 - April 27, 2016. The 2016 ICN Customer Survey indicated satisfaction rankings in the high 80% and 90% ranges for telecommunications services and customer service provided by the ICN. The agency set a target of 80% satisfaction, which provides a performance goal for the State of Iowa's Accountable Government Act. There has been significant increase in voice awareness compared to last fiscal year. Cyber category was added to the survey. Over 93% of the respondents to the overall satisfaction question were either somewhat or very satisfied with the flexible services.

ICN's Business Services Bureau reviewed the 2016 customer survey comments (400+) to analyze the direction of the agency related to our Broadband Strong vision. Both positive and negative comments were associated to the Strong, Flexible, and Fast mandates.

- 33% of the comments received were related to the speed of delivering services (Fast); [2015, 43%]
- 30% of the comments were associated to providing a resilient and valuable network (Strong); [2015, 37%]
- 37% of the comments received were linked to providing an efficient and customer friendly environment (Flexible). [2015, 20%]

We took it one step further and then put the comments against our 12 major goals (agency and bureau goals) and several comments met more than one goal.

The goals that were met most frequently were Goal #1 and Goal #8. It was due to either the price of the product or the solution. Goal #8 is to implement new business strategies and services to provide broadband solutions for revenue growth. Most comments

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associated to the goals wanted more bandwidth and competitive pricing. Goal #11 and #12 are more internal goals for the ICN, and customers are more likely unaware.

### *Comments:*

Goddard: The comments from the survey were attributed to Fast, Flexible and Strong. We took it one step further and then put them against our 12 major goals (agency and bureau goals) and several comments met more than one goal. The goals that were met most frequently were Goal #1 and Goal #8. It was due to either the price of the product or the solution. Goal #8 is to implement new business strategies and services to provide broadband solutions for revenue growth. Most comments associated to the goals wanted more bandwidth and competitive pricing. Goal #11 and #12 are more internal goals for the ICN.

Lumbard: We have one vision, three mandates, and twelve goals. So if we show up in our goals will we arrive in the mandates and then arrive in the vision.

*Bruner: It looks like this is working well and great job.*

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## VI. Other Business

None

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## VII. Adjournment

Commissioner Kohorst moved that the meeting be adjourned and Commissioner Lapointe seconded. The ITTC meeting adjourned at 11:38 a.m.

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ATTESTED TO:

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Richard Bruner, Chair, Iowa Telecommunications and Technology Commission

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